Amid China's rising influence, Telstra looks to buy the largest telecommunications company in the Pacific with government help

By Marian Faa and Hilda Wayne

Pacific Beat | Telecommunications Services Industry

Wed 21 Jul 2021

Musician and business owner Aaron Taviri said his home country of Vanuatu needs better mobile coverage. *(Supplied)*

abc.net.au/news/pacific-islanders-react-to-telstr... Share article

Aaron Taviri from Vanuatu relies heavily on the internet to run his business selling powdered kava root, a traditional Pacific drink.

He is one of the approximately 2.5 million customers in the Pacific who use the Jamaica-based mobile service provider, Digicel Group – the largest mobile phone carrier in the region.

Telstra this week confirmed it was in talks to buy the Pacific arm of Digicel with financial support from the Australian government, in a move largely seen to counter China's influence in the region.

Key points:

- Digicel is the largest mobile phone carrier in the Pacific
- Telstra says it is in talks to buy Digicel's Pacific arm in partnership with the Australian government
- The move is largely seen as a response to China's influence in the region

In a letter to the Australian Securities Exchange this week, Telstra said discussions with Digicel were "incomplete" and there was "no certainty that a deal will go ahead".

"Telstra was initially approached by the Australian government to provide technical advice in relation to Digicel Pacific," Telstra said in the letter.

Top Stories

Analysis by Clare Armstrong

Farrer result turns One Nation from protest to genuine electoral threat

World Politics

We asked the IRGC for their Strait of Hormuz rules and they emailed us back

> "If Telstra were to proceed with a transaction it would be with financial and strategic risk management support from the government."

Many islands in the region have poor and limited connection to telecommunications, with the Pacific Islands Forum estimating that only 35 per cent of the Pacific's population has access to the internet.

Mr Tavari hoped that if the deal with Telstra was finalised, it might offer him "better network coverage, since the coverage here is pretty bad".

Digicel's future has been the focus of market and media speculation for several months.

Last year, it denied an Australian newspaper report it was considering a sale of its Pacific business to state-owned China Mobile Ltd.

Papua New Guinea's communications minister, Timothy Masiu, said he was approached by a representative of Telstra to discuss its potential entry into the PNG market, but denied the talks were about the sale of Digicel.

"We never talked about anything concrete in terms of Telstra showing an interest in buying off Digicel," Mr Masiu said.

"We only discussed the fact that he wanted to find out what [it would be like] if Telstra came into PNG."

Mr Masiu said he had "no interest" in whether Digicel was acquired by a Chinese or Australian company, as long as it followed PNG's laws.

"I don't really care who buys Digicel," he said.

"So long as this company follows the rules and regulations of our country."

Hopes foreign speculation will bring better connection

Mobile phone usage is picking up in the Pacific, but many users want better coverage. *(Sam Bolitho)*

Digicel Pacific has a large reach across the region, servicing 91 per cent of the phone and broadband market in Papua New Guinea, 65 per cent in Vanuatu, 69 per cent in Samoa, 58 per cent in Tonga, 32 per cent in Fiji and 100 per cent in Nauru.

The company makes more than $300 million a year in profits.

China accuses Australia of sabotage

China accuses Australia of "planting" consultants in Papua New Guinea to obstruct the authorisation of Chinese-supplied jabs in the country, as the Pacific becomes caught up in a vaccine diplomacy battle between the two countries.

Budget

Top-earning Australians make money very differently from typical workers

Mental Health

One woman calls it 'potato brain'. She's one of half of the workforce with burnout

Indigenous Australians

Who is responsible for the problems in Alice Springs town camps?

Amanda Watson, an expert in Pacific telecommunications from the Australian National University, said some "cyber security and potential geopolitical" risks may have prompted Canberra to become interested in Digicel's sale.

"The understanding is that there were some Chinese companies that were interested in buying Digicel's Pacific arm," Dr Watson said.

> **"The concerns are that if there was a company operating a telecommunication network and listening in on calls or recording calls and that sort of thing.**

"Although, of course, it's unclear whether or not that would actually pan out in reality."

Some Pacific users have also been concerned about what might happened if a Chinese company bought the mobile service provider.

Mr Taviri said his "main concern" if Digicel were sold to a Chinese company would be the possible surveillance of his private communications.

"I'd be worried about the privacy concerns," Mr Taviri said.

> **"They might start doing some sort of censorship over here."**

Anthea Arnhambatt, a social media and technology expert from Vanuatu, said mobile users in the Pacific had more immediate concerns than the stoush between China and Australia.

"With any ownership, be it a Chinese company, an Australian company, or the existing digital Digicel ownership, for us, the most important thing is that the company continues to improve the coverage," Ms Arnhambatt said.

"We're seeing a lot of our islands continually needing just the basic telephone reception and they're not getting it."

She said it was "unfortunate" that geopolitical concerns may be trumping the needs of Pacific people.

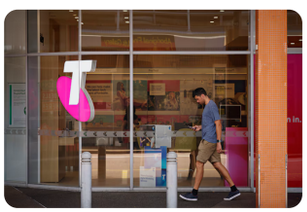
"When it comes to influence and power within the region, that's something so far from our priorities," Ms Arnhambatt said.

"If you want to help, just help."

Why help Telstra buy a Pacific telco from an Irish billionaire?

The deal's all about China and making sure that Beijing doesn't get its mitts on a key strategic asset in the Pacific, writes Andrew Probyn.

Related stories



Analysis by Andrew Probyn

Why would Australia want to help Telstra buy a Pacific telco from an Irish billionaire?

World Politics

'Very white' Australian commercial TV broadcast to Pacific in soft-power push

COVID-19

It's estimated only 35 per cent of people in the Pacific have internet access. *(ABC News: Dan McGarry)*

Australian Minister for International Development and the Pacific Zed Seselja declined to disclose how much money the Australian government was willing to put into Telstra's bid.

"Obviously those kinds of discussions are pretty commercially sensitive so I just can't go into sort of amounts," he told local media.

"The government is not buying Digicel Pacific with Telstra. I should make that clear. The Australian government is working with Telstra to explore the feasibility of Telstra acquiring Digicel Pacific.

"Australia has a very strong interest in supporting secure and resilient critical infrastructure in Australia and the broader Indo-Pacific region."

ABC/Reuters

Posted Wed 21 Jul 2021 at 7:13am, updated Wed 21 Jul 2021 at 10:36am

Share

Related topics

Business, Economics and Finance
Foreign Affairs
Pacific
Papua New Guinea
Telecommunications Services Indu...
Vanuatu

Top Stories

Analysis by Clare Armstrong

1 Farrer result turns One Nation from protest to genuine electoral threat

World Politics

2 We asked the IRGC for their Strait of Hormuz rules and they emailed us back

Mental Health

3 We're living in the age of exhaustion. Who pays the price of burnout?

Budget

4 Top-earning Australians make money very differently from typical workers

Indigenous Australians

5 Who is responsible for the problems in Alice Springs town camps?

Just In

LIVE 6m ago
Iran's IRGC threatens US sites as Trump awaits Tehran response

Feel Good 8m ago
How a post office in a train carriage became a popular meeting spot

History 41m ago
Cider mill makes sweet comeback after 100 years

Breast Cancer 1h ago
Ongoing breakdowns hamper breast screening service in Tasmania

More Just In

Back to top

© 2026 ABC